

VZCZCXYZ0010
RR RUEHWEB

DE RUEHIN #0767/01 0960847
ZNR UUUUU ZZH
R 060847Z APR 07
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 4777
INFO RUEHBJ/AMEMBASSY BEIJING 6603
RUEHHK/AMCONSUL HONG KONG 7854

UNCLAS AIT TAIPEI 000767

SIPDIS

SIPDIS

DEPARTMENT FOR INR/R/MR, EAP/TC, EAP/PA, EAP/PD - LLOYD NEIGHBORS
DEPARTMENT PASS AIT/WASHINGTON

E.O. 12958: N/A

TAGS: [OPRC](#) [KMDR](#) [KPAO](#) [TW](#)

SUBJECT: MEDIA REACTION: U.S.-ROK FREE TRADE AGREEMENT, U.S.-TAIWAN
ARMS DEAL

11. Summary: Taiwan's major Chinese-language dailies focused news coverage April 5-6 on the military helicopter crash Tuesday afternoon, on the Executive Yuan's plan to lift the ban on gambling on horse and car racing in central and southern Taiwan, and on the year-end legislators' elections and 2008 presidential elections. The pro-status quo "China Times" carried an exclusive report on page four April 6 with the headline, "Lobbying Irritates the State Department, Taiwan Terminates Contract with BGR." The sub-headline added "Spending Humongous Sums on Contracting a Public Relations Company, Yet [the Move] Unexpectedly Endangers U.S.-Taiwan Relations."

12. In terms of editorials and commentaries, a "China Times" editorial discussed the possible impact of the U.S.-ROK free trade agreement on Taiwan's economy. The article said Taiwan will be marginalized and become another Cuba if it loses its economic strength. An editorial in the limited-circulation, pro-independence, English-language "Taipei Times," on the other hand, discussed the aftermath of the military helicopter crash. The article urged Taiwan's legislators to "pass the military budget bills currently stalled in the legislature and to include within them the budget required to provide a safer and more efficient environment for the nation's military personnel." End summary.

13. U.S.-ROK Free Trade Agreement

"Does Taiwan Want to Become 'Another Cuba'?"

The pro-status quo "China Times" [circulation: 400,000] editorialized (4/5):

"... When countries in Southeast Asia were ready to sign free trade agreements (FTA) [with each other] one after the other, the United States also accelerated its pace by signing FTAs with economies such as South Korea. The move was of course meant to thwart China's expanding alliance with other countries in the region and to meet the United States' own interests as well. It is a fact generally acknowledged by the entire world that both mainland China and the Southeast Asian nations will be the world's factories and markets in the next few years. Once ASEAN-plus-N is formed, economic members in the world such as the United States will naturally hope to sign an FTA with it in an attempt to get a piece of the pie. Likewise, countries such as Japan and South Korea that covet the huge market and consummation ability of the United States are also interested in signing such agreements with the United States and ASEAN. As more and more countries sign FTAs, the potential trade interests intertwining among them will expand like the Internet. This is a main reason why Taiwan must not look down on the follow-on development [of this trend]. When countries in the Asia-Pacific area sign FTAs with each other, it will be akin to removing trade barriers between them, and Taiwan will become the only country excluded [from this net], with all the trade barriers it has with

other nations still in place. Taiwan will be like an orphan in the international community, completely 'marginalized.' Should this happen, more Taiwan industries will lose their comparative advantage, and the hollowing out of the island's industries will accelerate. In a nutshell, only a few industries in Taiwan were hollowing out previously, but as Taiwan becomes marginalized, the island will encounter the crisis of a number of its industries hollowing out.

"In the face of such an obvious and perilous situation, what is most pitiful is the stubbornness of the fundamentalists. It is a well-known fact that China's obstruction is the main reason why Taiwan is unable to sign FTAs with other countries. To put it in plain language, the entire design of the ASEAN-plus-N is nothing but a strategy, whereas mainland China intends to use its trade and economic strength to blockade Taiwan. In the face of such an obvious scheme on the part of Beijing, the Taiwan authorities not only are at their wit's end but also lack the wisdom to feign civility. Moreover, the island is constantly engaging in efforts to change its name, to write a new constitution, to strive for the Four Wants, to de-Sinify, and to divide its ethnic groups -- all moves aimed at stymieing cross-Strait relations. Taiwan can certainly maintain a distance from Beijing politically, but despite everything, we cannot afford to lose our economic strength. What else will we be able to do except for turning our protests into domestic consumption during campaigns, when we hit a dead end while Beijing tries its best to blockade us economically?"

14. U.S.-Taiwan Arms Deal

"Cleaning the Military Cupboard"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] editorialized (4/5):

"... As the nation mourned the loss of some of the country's elite
ARMS DEAL

military personnel, legislators were quick to play the blame game, with the pan-greens saying the pan-blues' blocking of the arms budget bills had a direct bearing on Tuesday's [UH-1H helicopter crash] accident. The pan-blues, on the other hand, slammed the pan-greens for being so busy trying to please the US that they had failed to attend to the need for equipment upgrades outside of the three major weapon systems offered by the US. ... We urge lawmakers to pass the military budget bills currently stalled in the legislature, and to include within them the budget required to provide a safer and more efficient working environment for the nation's military personnel. ..."

WANG